



Start Smart Initiative – Pre-selecting Professional Service Providers

Required Procurement Standards if DED Funds Pay for Administrators, Architects, Engineers, and Other Professional Service Providers

The choices for the services of application preparation and preliminary engineering and the responsibility for payment of these services belong to the applicant. DED has no restrictions on who may prepare your application and the only restriction regarding your choice of engineers or architects is that he/she must be a registered professional engineer or a registered professional architect in Missouri.

The costs associated with services to assist the community in the application preparation are NOT eligible costs under the DED program. They may, however, be included as in-kind match.

There are no restrictions regarding the responsibility for completion of specific parts of an application if a community chooses to separate the parts. The Chief Elected Official and Budget Officer must understand their responsibility for the accuracy of all documents in the application for which they are required to sign.

A preliminary engineering/architectural report must be prepared by a registered professional engineer for any public facility improvement, or by a registered architect for the construction or rehabilitation of a building, except for residential rehabilitation. The report must be sufficient in scope to analyze the need, determine the most appropriate solution, provide a cost estimate, and determine the level of operation/maintenance necessary to sustain the improvement.

The following is a sample content of the preliminary architectural plan.

Architectural Report Content

- 1) Name of applicant or owner of the facility
- 2) Name, address, telephone of the architectural firm
- 3) Date of report
- 4) Statement summarizing the goals of the project and the design principles governing the project (e.g. principles may be public spaces receive the highest level of preservation; preserving the primary elevations of the building was important; retaining as many original design elements as possible was important, etc)

- 5) Photographs of existing conditions exterior and interior labeled and keyed to the site map and floor plans. Preliminary photographs can be 3x5 color or black and white. Photographic documentation requirements are found in the ADA technical assistance manual, available by request from the CDBG office.
- 6) Topographic Map
- 7) Area map: Shows where the project is located in the city or town
- 8) Site map: Shows building[s]/site and adjacent street, with appropriate notations, such as a north arrow and main entrance of the building.
- 9) Proposed floor plans: Complete scaled floor plans of the proposed structure. Indicate all new construction.
- 10) Demolition Plans: Complete scaled floor plans of the existing structure. Indicate all proposed demolition. Elevation sections (even in sketch form) must be submitted as part of the preliminary architectural plan.
- 11) Elevations: All elevations of the existing building. If any elevation is to be changed, those changes must be noted.
- 12) Sections: Sections should be provided when necessary to understand the project. Call the State Historic Preservation Office (SHPO) to determine if Sections are necessary.
- 13) Specifications: Specifications must be provided; general notes are acceptable in the preliminary stages of a project.
- 14) Architect should include in plan a statement or certification that all improvements are consistent with the Americans with Disabilities Act and related laws.

Submit renderings if available.

Note: Floor plans, elevations and sections must be drawn and notated with standard architectural forms and notations (e.g. plans must be drawn accurately; the entire building should be drawn; the width of the walls should be shown; doorways and door swings indicated, materials indicated when appropriate, etc.).

PRE-SELECTION PROCESS (OPTIONAL)

The choice of who administers and designs a project is the applicant's choice. It might very well be the most important decision an applicant makes. **How it is done depends upon who is expected to pay for the service. If the applicant intends to ask DED to pay for all or a portion of the fees, then the DED procurement guidelines must be followed.**

It is possible to procure for the grant writer and administrator in one step. It is also possible to procure for the preliminary engineer and the design engineer in one step. The key is to keep the costs associated with each activity separate.

A contract may not be signed incurring DED funds prior to grant award, unless a statement is included which states the contract is "contingent" upon DED funding. The applicant must protect itself from any obligation in the event that DED funds are not awarded.

Applicants must comply with RSMo 1983, Section 8.285-8.291, in the procurement of architectural, land surveying, or engineering services, unless the applicant has adopted its own procedure. New procurement regulations went into effect April 19, 1995. The DED program has adopted these new rules, Public Law 103-355, except the maximum allowance for small purchases shall remain at \$25,000. Procurement, as discussed in PL 103-355, must be complied with if DED funds are involved in the compensation of professional services.

Applicants must comply with procurement standards regarding "Other Professional Services". If the project requires "Other Professional Services", additional procurement may be required. The type of procurement procedure necessary is dependent upon the service. If the service does not require a licensed engineer then the applicant must procure using a "Request for Proposal". This service cannot be included as part of the engineering contract.

Grant Administration: The process of pre-selecting a grant writer and grant administrator is as follows:

- 1) The applicant must fully understand the definition of the term "lowest and most responsible" bidder. Applicants must base the selection of their desired professional services on the combination of the lowest (referring to price or cost) and most responsible (referring to the individual/firm who offers the best qualifications in regard to the evaluation factors that the community decided was important).
- 2) The applicant must determine which evaluation factors (from the list found on the sample Request for Proposals) are the most important to their circumstances. This could take the form of applying a point scoring system to each evaluation factor and subsequently giving bidders points based upon their responses. Once the point scoring system is applied to each bidder, the community would then determine the lowest and most responsible proposal using a fair system.

Note: Since a community may ultimately select a firm who may not be the lowest bidder, their selection criteria (the weighting of the importance of the factors) becomes the record of their process. It must be logical and must support the final decision. Indications of

arbitrary decisions will result in questions regarding the procurement by DED staff and project auditor.

- 3) Once the importance of the evaluation factors has been determined a Request for Proposals must be drafted. The RFP should include the amount of DED funds proposed for the project. Until this amount can be determined, the pre-selection process should not begin. It is imperative that all bidders have equal opportunity to use the amount of proposed DED funding dollars to base the amount of their proposal. The RFP must clearly indicate that bids are being solicited for both grant writing and grant administration. Evaluation factors should include:
 - a) The specialized experience and technical competence of the firm with respect to the type of services required.
 - b) The capacity and capability of the firm to perform the work in question, including specialized services, within the time limitations fixed for the completion of the project.
 - c) The past record of performance of the firm with respect to such factors as control of costs, quality of work, and ability to meet schedules.
 - d) The firm's proximity to and familiarity with the area in which project is located.
 - e) Except for engineering and architectural professional services, price must be an evaluation factor. The importance of each of the above factors should be stated in the publicized notice.
- 4) In order to comply with DED policy, a copy of the RFP must be made available to the regional planning commission that serves the area in which the applicant is located, and all grant administrators as stated on the published DED administrator list IN ADDITION to all other proper procurement procedures. Failure to follow required procurement procedures will either disallow the use of DED funds to pay for the service or the process will have to be repeated correctly.
- 5) Activities to ensure a broad solicitation of all other known or existing firms capable of completing the work must also be made. This may take the form of a publication in a newspaper or further solicitation via the mail. Even if newspaper publication is used, documentation must be kept proving solicitation of adequate number of qualified sources
- 6) Attention must be made to directly solicit Minority Business Enterprise (MBE) and Women's Business Enterprise (WBE) firms as required by law. Note that all of these steps are the applicant's attempt to receive a minimum of three or more responses.
- 7) The Request for Proposals should also generally describe the scope of the work that the bidder will be expected to perform. Competitors in the selection cannot carry out the procurement procedures, doing so could result in disqualification. The RFP must clearly separate the scope and cost of the services associated with preparing the application, and the scope and cost associated with administration of the grant.

- 8) The Request for Proposals should include a deadline date for receipt of any or all bids (e.g. July 15, 2012 at 5:00pm). The applicant cannot entertain any bids after the deadline. An adequate amount of time for all bidders to prepare a proposal should be built into the schedule.
- 9) Once all bids have been received references should be checked. The only way for an applicant to secure good information about how a person or a firm performed similar administrative duties is to call the other cities and counties for which they have performed the service and ask for their opinion. DED staff cannot and will not provide comments regarding the administrative performance of any person or firm.
- 10) Apply the established evaluation point criteria.
- 11) Determine the lowest and most responsible bidder.
- 12) Execute an appropriate contract and remember, if the contract is executed as part of a pre-selection process (prior to award announcements by DED) there must be a clause included, which makes it contingent upon the receipt of the DED grant award. Cost plus a percentage of construction cost method of contracting cannot be used. A cost plus fixed fee (with a maximum amount) or lump sum basis contract is recommended.

Engineering/Architectural Design and Construction Inspection: The process for selecting an engineer to design and inspect a project requires a little different process than the one for administration. Cost or price is not a factor in the initial selection process of an engineer or architect, and a Request for Qualifications is used to solicit bids. The applicant can utilize the following evaluation factors (experience, technical expertise, competence, capacity, capability, past record, cost controls, quality of work, ability to meet schedules, proximity to area, familiarity with area, etc.).

- 1) The applicant must determine which evaluation factors (from the list found on the sample Request for Qualifications) are the most important to their circumstances. This could take the form of applying a point scoring system to each evaluation factor and subsequently giving bidders points based upon their responses.
- 2) Draft a Request for Qualifications (RFQ). The RFQ tells the bidders what you are looking for and allows them to respond in turn. The RFQ must clearly indicate that responses are being solicited for both preliminary engineering and design. (Note: Construction Inspection may or may not be part of this solicitation. That decision is up to the community.)
- 3) Actions to ensure a broad solicitation of all other known or existing firms capable of completing the work must also be made. This may take the form of a publication in a newspaper or further solicitation via the mail.
- 4) Attention must be made to directly solicit MBE and WBE firms as required by law. Note that all of these steps are the applicant's attempt to receive three or more responses.

- 5) Include the Scope of Work in the RFQ. The RFQ must clearly separate the scope of the services associated with preliminary engineering report, and the scope of services associated with preparing the engineering design.
- 6) The Request for Qualifications should include a deadline date for receipt of any or all bids (e.g. December 15, 2012 at 5:00pm). The applicant must not entertain any bids after the deadline. An adequate amount of time for all bidders to prepare a proposal should be built into the schedule.
- 7) Once all bids have been received, references should be checked. The only way for an applicant to secure good information about how a person or a firm performed similar engineering duties is to call the other cities and counties for which they have performed the service and ask for their opinion. DED staff cannot and will not provide comments regarding the engineering performance of any person or firm.
- 8) Apply the evaluation point criteria to each bid.
- 9) Determine the most qualified bidder.
- 10) Once this stage has been completed and adequately documented an interview and negotiation process may begin with the engineering firm who rated the highest according to the evaluation criteria. It is important for the applicant to negotiate a cost that is a fair and just amount relevant to the work required, and within their ability to pay (amount budgeted). In the event that negotiations fail, the applicant has no obligation to enter into a contract simply because the engineer rated the highest. If the applicant wishes to eliminate the firm they may document the failed negotiation and move to the next highest scored firm on the evaluation list. An applicant may NOT initiate a bidding war between two engineering firms and they may NOT demand more of one firm than another.
- 11) Enter into the appropriate contract and remember, if the process is pre-selection, then include the clause that the contract is "contingent" upon award of grant funds.

(SAMPLE FOR PRESELECTION)

REQUEST FOR PROPOSALS

PROFESSIONAL ADMINISTRATIVE SERVICES

The City of Anytown requests proposals for preparation of a grant application and subsequent administration services to assist in a proposed project to be partially financed with DED funds. The city intends to make application for \$XXX in DED funds. The remainder of the project is being financed by the XXXXXX. The project consists of the development of an early childhood education facility.

Grant application preparation shall include, but is not limited to, preparation and submittal of all completed grant forms by the appropriate deadline, LMI determination, coordination with preliminary engineering report, etc.

Administration services shall include, but are not limited to, the implementation of the project in conformance with the following DED compliance areas: environmental review, financial management, procurement, contract management, labor standards, equal opportunity/civil rights, citizen participation, acquisition/relocation, and close-out.

Information provided to the city shall include:

1. The specialized experience and technical competence of the firm with respect to grant preparation and administration, and related work;
2. The past record of performance of the firm with respect to such factors as accessibility to clients, quality of work, and ability to meet schedules;
3. The firm's proximity to and familiarity with the area in which the project is located;
4. Capability of carrying out all aspects of grant related activities;
5. Cost of services (clearly separate the cost associated with grant preparation and administration services);
6. References from previous clients of related work with the firm within the past five years.
7. Documentation of compliance with E-Verify requirements.

1, 2, 4 and 5 above shall receive priority weighting in final selection.

The above information should be submitted no later than XXX XX, 2013, X:00 p.m., City Hall, 111 First Street, Anytown, MO 66000. For more information contact City Clerk at XXX-XX-XXXX. The City of Anytown is an Equal Opportunity Employer, and invites the submission of proposals from minority and women-owned firms.

(SAMPLE FOR PRESELECTION)
REQUEST FOR QUALIFICATIONS
PROFESSIONAL ENGINEERING SERVICES

The City of Anytown requests qualifications for preliminary engineering services and subsequent engineering design services to assist in a proposed project to be partially financed with DED funds. The remainder of the project is being financed by the \$XXX XXXXXXXX. The project consists of the development of an early childhood education facility.

Information provided to the city must include:

1. The specialized experience and technical competence of the firm with respect to water system improvements or related work;
2. The capacity and capability of the firm to perform the work in question, including specialized services, within a period of twelve months beginning July 1, 2010;
3. The past record of performance of the firm with respect to such factors as control of costs, quality of work, and ability to meet schedules;
4. The firm's proximity to and familiarity with the area in which the project is located; and
5. References from previous clients of related work with the firm within the past five years.

The firm will be selected based on the above qualifications. Once the most qualified firm is selected, a cost for preliminary engineering will be negotiated separately from the cost for engineering design.

The ability to begin work immediately shall receive primary consideration. The above information should be submitted no later than June 30, 2012, 5:00 p.m., City Hall, 111 First Street, Anytown, MO 66000. For more information contact City Clerk at 555-555-5555. The City of Anytown is an Equal Opportunity Employer, and invites the submission of proposals from minority and women-owned firms.

Existing Contracts: A previously existing contract for professional services cannot be extended to cover a new project. The exception to this might be a one-year extension of an engineering or administrative contract if the project applied for is basically the same as the previous year. Retained professional services require review by DED to determine eligibility for payment.

Maximum Fees:

- 12) **Engineering Design:** The American Society of Civil Engineers Manual No. 45 describes the percentage of construction cost method of compensation. The curves indicated in the ASCE Manual will be used as a guide to the maximum cost allowable. While the State may use this as a method of determining the amount of funds allowed to a city/county grantee, the grantee may not use these curves as the only basis for determining the compensation of an engineering firm. DED suggests using either a cost plus a fixed fee, with a maximum amount, or a lump sum, as described in the ASCE manual. DED will pay for engineering design and inspection on DED construction monies only.

TABLE A (below) indicates projects of an above-average complexity, which includes water treatment plants, complex bridges, pumping stations, intercepting and relief sewers, sanitary sewer lines under 24 inches diameter, and water distribution lines under 16 inches diameter.

TABLE B (below) indicates projects of average complexity, which include conventional bridges, roads and streets, storm sewers and drains, sanitary sewers 24 inches and larger diameter, and water distribution lines 16 inches and larger diameter. **DED reserves the right to reduce the proposed engineering cost in the application for projects of lesser complexity.**

NET CONSTRUCTION COST	TABLE A %	TABLE B %
\$40,000	13.67	10.27
50,000	13.22	9.99
60,000	12.76	9.71
70,000	12.43	9.52
80,000	12.10	9.32
90,000	11.87	9.17
100,000	11.63	9.01
150,000	10.44	8.56
200,000	10.25	8.11
250,000	9.85	7.85
300,000	9.45	7.59
350,000	9.18	7.42
400,000	8.91	7.24
450,000	8.72	7.12
500,000	8.52	7.00
550,000	8.38	6.90
600,000	8.24	6.80

- 13) **Construction Inspection:** Construction inspection costs will be limited to a maximum 75% of CDBG-funded engineering design costs.

14) **Architect Fees:** The American Institute of Architects suggests 10% of construction costs as the fee for architectural design. Inspection then may be computed as 75% of design.

15) **Administration:** For the purpose of budgeting an application, applicants may not propose more than amounts in the following chart:

CDBG APPLICATION CATEGORY	ADMINISTRATION BUDGET ALLOWANCES
Community Facility	\$10,000 plus 3% of the amount of the DED proposed for the Community facility activities

Administrative line items include all publishing fees, all rehabilitation management, etc. Therefore, grantees should not contract for the total administrative amount unless the administrator is to pay for all such items or the grantee has agreed to pay for such items. Audit costs are budgeted separately from administrative costs. Also, applicants should not budget for a cultural resource survey. (The maximum amount of DED funds allowable for clearance of Historic Preservation requirements is \$5,000. These monies will be awarded as a grant increase once services are procured and amount needed is known.)

16) **Demolition Inspection :**

If pre-selection is not a desire of the community then procurement information will be provided following award.